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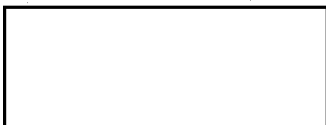
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5. Indonesia prompted by UN embargo to request additional US exports:

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The Indonesian Government has officially stated that it will honor the UN embargo of strategic materials to Communist China by adhering to the trade pattern that existed

before the embargo was recommended. According to Foreign Minister Subardjo, this pattern included no rubber shipments to China. However, both Subardjo and Indonesian Ambassador to the US Ali stressed to the US Ambassador in Djakarta the unhappy results that the embargo would have on Indonesia and stated that a new approach would be made to the US for consumer goods. Ambassador Ali stated that he feared Communism would grow in Indonesia as a result of the drop in rubber prices and the consequent lowering of living standards. The US Ambassador replied that Indonesia had done almost nothing to suppress Communism since its achievement of sovereignty and the disorders had

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reached their height during the past few months when the greatest profits were being obtained from rubber and when economic prosperity was generally increasing. He added that everything possible was being done to justify legitimate and reasonable Indonesian requests for US products.

NEAR EAST

6. Comment on Anglo-Iranian Oil Company's request for arbitration:

The Anglo-Iranian Oil Company has asked the International Court of Justice to appoint an arbitrator to help settle its dispute with Iran over oil nationalization.

Since the Iranian Government turned down a British request for arbitration on 20 May, this latest action is probably designed to make clear the AIOC's legal position before it agrees to enter into any discussions which start from the premise that the principle of nationalization is now accepted by the British. This maneuver may somewhat improve the British position in international public opinion but will be only additional irritation as far as the Iranians are concerned.

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8. Friction inside Libya threatens UN plan for independence:

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According to the US Consul General in Tripoli, political troubles within Libya threaten the implementation of the UN-sponsored plan to set up an independent Libya with Emir Sayed Idriss, the Cyrenaican Senussi chieftain, as King. The current crisis results from the recent bombing attempt against the Emir's life as well as from the generally hostile reception

he received in Tripolitania during the early stage of his tour throughout Libya to show himself to "his people." The Consul General reports that, for the moment, Sayed Idriss has apparently decided to attempt to finish his trip through Libya, and warns that his failure to do so would strike a serious blow at the UN-sponsored plan for an independent Libya under the Emir's leadership.

Comment: The appointment of the aging Sayed Idriss as King Designate of the UN-sponsored independent Libya is popular only in Cyrenaica, where he heads the Senussi tribes. The internal troubles accompanying the formation of an independent Libya are further complicated by the opposition of Arab League countries, particularly Egypt, to the creation of an independent Libya on 1 January 1952.

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